

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Iosco County	County Iosco
Fiscal Year End December 31, 2005	Opinion Date February 15, 2006	Date Audit Report Submitted to State June 19, 2006	

We affirm that:

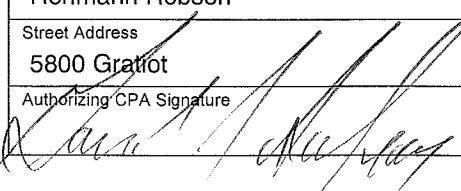
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO **Check each applicable box below.** (See instructions for further detail.)
- ☐ ☒ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	A letter of comments and recommendations was not issued for the period under audit		
Other (Describe)	<input checked="" type="checkbox"/>	Single Audit reports have been included		
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number 989-799-9580		
Street Address 5800 Gratiot		City Saginaw	State MI	Zip 48638
Authorizing CPA Signature 		Printed Name Gerald Deslover, CPA		License Number 1101007126

Iosco County

Tawas City, Michigan



Financial Statements

Year Ended December 31, 2005

IOSCO COUNTY, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

February 15, 2006

Board of Commissioners
Iosco County, Michigan
Tawas City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Iosco County, Michigan***, as of and for the year ended December 31, 2005, which collectively comprise the financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of ***Iosco County, Michigan's*** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility, which is a major enterprise fund, and therefore a separate opinion unit. In addition, the Medical Care Facility represents 86% and 77% of the business-type activity assets and program revenues, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the amount that would have been reported as assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units is unknown.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of **Iosco County, Michigan**, or the changes in financial position thereof for the year then ended.

Further in our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of **Iosco County, Michigan**, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General Fund, Ambulance Service Fund, Revenue Sharing Reserve Fund, and EDC Grant Revolving Loan Fund, for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2006, on our consideration of **Iosco County, Michigan's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 3-6, is not a required part of the basic financial statements of the primary government but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Iosco County, Michigan's** primary government financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133 are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated, in all material respects in relation to the financial statements of the primary government taken as a whole.

A handwritten signature in cursive script, reading "Lehmann Johnson".

IOSCO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

CONCEPTUAL INFORMATION ABOUT THE COUNTY'S FINANCIAL STATEMENTS

The adoption of Governmental Accounting Standards Board Statement Number 34 (GASB 34) changes the format for presentation of Iosco County's annual audit. The primary government is presented in two categories, governmental activities and business-type activities. Governmental activities consolidate all general and other governmental funds. This reflects Iosco County as a whole that is inclusive of all general operating and special revenue, debt service, and capital project funds. Business-type activities are limited to the Department of Public Works, Medical Care Facility and the County's Revolving Delinquent Tax Fund. As the audit progresses, these categories are presented as individual funds indicating separate fund activities that make up the total governmental and business type presentation. The statement of net assets again under governmental activities gives you a combined County total of assets net of debt with the difference being a reflection of equity or net assets. Iosco County elected to adopt a \$5,000 threshold for capitalizing assets. Those assets at a cost of less than \$5,000 are expensed in the year purchased. Iosco County capital assets may be found in the notes to financial statement section of the audit.

FINANCIAL HIGHLIGHTS

The assets of the County Primary Government exceeded its liabilities at the close of the most recent fiscal year by \$21,233,566 (net assets). This is an increase of \$617,313 over 2004 and indicates continued investment in capital assets. Of the total net assets in 2005, \$13,528,928 is unrestricted net assets needed to meet the government's ongoing obligations to citizens and auditors.

As of the close of the 2005 fiscal year, the County's governmental funds (this includes the general fund, special revenue, debt service and capital project funds) reported ending fund balances of \$7,275,702, an increase of \$813,124 in comparison over 2004. The County's general fund balance for 2005 decreased by \$169,006 to a year end balance of \$279,087 or 4.25% of actual general fund expenditures. The continued decrease in general fund balance can be attributed to decreasing departmental revenues related to economic conditions. Actual expenditures for 2005 were very close to the budgeted bottom end total.

Following is Iosco County's net assets and changes in net assets. Comparing the current 2005-year to the prior year.

IOSCO COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$12,717,012	\$20,941,427	\$11,947,757	\$ 8,113,712	\$24,664,769	\$ 29,055,139
Capital assets	<u>3,644,853</u>	<u>3,662,416</u>	<u>6,554,065</u>	<u>4,460,280</u>	<u>10,198,918</u>	<u>8,122,696</u>
Total assets	<u>16,361,865</u>	<u>24,603,843</u>	<u>18,501,822</u>	<u>12,573,992</u>	<u>34,863,687</u>	<u>37,177,835</u>
Long-term liabilities						
outstanding	4,251,417	11,151,090	6,255,000	-	10,506,417	11,151,090
Other liabilities	<u>2,015,837</u>	<u>3,607,984</u>	<u>1,107,867</u>	<u>1,097,884</u>	<u>3,123,704</u>	<u>4,705,868</u>
Total liabilities	<u>6,267,254</u>	<u>14,759,074</u>	<u>7,362,867</u>	<u>1,097,884</u>	<u>13,630,121</u>	<u>15,856,958</u>
Net assets						
Invested in capital assets, net of related debt	2,964,898	2,982,461	4,799,454	4,460,280	7,425,178	7,442,741
Restricted	279,460	1,068,066	-	-	279,460	1,068,066
Unrestricted	<u>6,850,253</u>	<u>5,794,242</u>	<u>6,339,501</u>	<u>7,015,828</u>	<u>13,528,928</u>	<u>12,810,070</u>
Total net assets	<u>\$10,094,611</u>	<u>\$ 9,844,769</u>	<u>\$11,138,955</u>	<u>\$ 11,476,108</u>	<u>\$21,233,566</u>	<u>\$ 21,320,877</u>

IOSCO COUNTY'S CHANGE IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues						
Program revenues						
Charges for services	\$ 4,513,824	\$ 5,070,391	\$ 5,025,825	\$ 5,730,688	\$ 9,539,649	\$ 10,801,079
Operating grants and contributions	1,872,126	2,405,385	474,799	115,064	2,346,925	2,520,449
Capital grants and contributions	-	1,350,775	296,025	-	296,025	1,350,775
General revenues						
Property taxes	5,635,963	5,367,217	408,391	393,219	6,044,354	5,760,436
Grants and contributions not restricted to specific programs	99,234	61,085	-	-	99,234	61,085
Unrestricted investment earnings	137,650	60,945	112,195	45,978	249,845	106,923
Other	-	-	-	-	-	-
Total revenues	12,258,797	14,315,798	6,317,235	6,284,949	18,576,032	20,600,747
Expenses						
Legislative	116,899	114,072	-	-	116,899	114,072
Judicial	2,060,289	2,083,060	-	-	2,060,289	2,083,060
General government	3,147,145	3,144,100	-	-	3,147,145	3,144,100
Public safety	3,252,253	2,838,794	-	-	3,252,253	2,838,794
Public works	213	1,281,060	-	-	213	1,281,060
Health and welfare	2,865,354	2,695,731	-	-	2,865,354	2,695,731
Culture and recreation	55,945	49,674	-	-	55,945	49,674
Interest on debt	186,553	590,894	-	-	186,553	590,894
Department of Public works	-	-	665,098	-	665,098	-
Delinquent tax revolving	-	-	31,453	34,957	31,453	34,957
Medical Care Facility	-	-	5,577,517	5,580,465	5,577,517	5,580,465
Total expenses	11,684,651	12,797,385	6,274,068	5,615,422	17,958,719	18,412,807
Increase in net assets before transfers	574,146	1,518,413	43,167	669,527	617,313	2,187,940
Transfers	407,260	300,000	(407,260)	(300,000)	-	-
Increase (decrease) in net assets	981,406	1,818,413	(364,093)	369,527	617,313	2,187,940
Net assets, beginning of year, restated	9,113,205	8,026,355	11,503,048	11,106,581	20,616,253	19,132,936
Net assets, end of year	\$10,094,611	\$ 9,844,768	\$11,138,955	\$ 11,476,108	\$21,233,566	\$ 21,320,876

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The state-equalized value of Iosco County continues to increase at a rate of five percent annually. This resulted in an increase in general fund tax revenue of \$243,826 however, the general fund balance decreased by \$169,006. This is attributed to budgeted general fund revenues not meeting expectations in 2005. The trend is spread across all departments indicating lower activity from prior years.

CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of December 31, 2005 amounted to \$3,644,853 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. The change in net capital assets for 2005 decreased by \$17,563. Iosco County adopted a capitalization threshold of \$5,000 or more. Investments in assets less than \$5,000 are expensed in the fiscal year acquired. Additional information on the County's capital assets can be found in Note III.C. to the financial statements.

LONG-TERM DEBT

The County's total governmental debt increased by \$66,328 during 2005 to a total of \$4,251,417. The County's legal bonded debt is limited to 10% of total State Equalized Value (\$1,323,163,378). The County's current bonded debt reflects approximately 8% of the legal amount authorized. Additional information on the County's long-term debt can be found in Note III.E. to the financial statements.

IOSCO COUNTY'S FINANCIAL FUTURE

Iosco County continues to indicate growth at five percent annually; however, the cost of health care combined with increased costs of operating the county jail continues to exceed revenue increases. Expense over revenue for the past three years has required transfers-in from unrestricted reserves of \$400,000 annually. Management objectives are focussed at reducing the cost of health care and general fund operating costs. The 2006 budget required a transfer-in of \$200,000 less than years 2003-2005 indicating management's commitment to cut costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Iosco County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Iosco County Treasurer, P.O. Box 538, Tawas City, Michigan 48764-0538.

FINANCIAL STATEMENTS

IOSCO COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 6,008,059	\$ 4,667,981	\$ 10,676,040
Investments	80,000	-	80,000
Accounts receivable	6,560,286	5,748,445	12,308,731
Advance to component units	67,000	-	67,000
Prepaid items and other assets	1,667	73,717	75,384
Restricted cash	-	1,457,614	1,457,614
Capital assets, net:			
Assets not being depreciated	263,506	1,754,611	2,018,117
Assets being depreciated	3,381,347	4,799,454	8,180,801
Total assets	16,361,865	18,501,822	34,863,687
Liabilities			
Accounts payable	157,845	180,779	338,624
Accrued liabilities	133,196	468,517	601,713
Unearned revenue	1,711,781	441,868	2,153,649
Interest payable	13,015	16,703	29,718
Noncurrent liabilities:			
Due within one year	477,805	807,000	1,284,805
Due in more than one year	3,773,612	5,448,000	9,221,612
Total liabilities	6,267,254	7,362,867	13,630,121
Net Assets			
Invested in capital assets, net of related debt	3,111,663	4,799,454	7,911,117
Restricted for:			
Debt service	316,859	-	316,859
Other purposes	43,851	-	43,851
Unrestricted	6,622,238	6,339,501	12,961,739
Total net assets	\$ 10,094,611	\$ 11,138,955	\$ 21,233,566

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 116,899	\$ -	\$ -	\$ -	\$ (116,899)
Judicial	2,060,289	949,434	462,486	-	(648,369)
General government	3,147,145	1,198,470	702,405	-	(1,246,270)
Public safety	3,252,253	1,075,782	126,011	-	(2,050,460)
Public works	213	-	-	-	(213)
Health and welfare	2,865,354	1,277,899	535,134	-	(1,052,321)
Culture and recreation	55,945	12,239	36,046	-	(7,660)
Interest on debt	186,553	-	10,044	-	(176,509)
Total governmental activities	<u>11,684,651</u>	<u>4,513,824</u>	<u>1,872,126</u>	<u>-</u>	<u>(5,298,701)</u>
Business-type activities:					
Department of public works	665,098	-	342,655	296,025	(26,418)
Delinquent tax revolving	31,453	256,775	-	-	225,322
Medical Care Facility	<u>5,577,517</u>	<u>4,769,050</u>	<u>132,144</u>	<u>-</u>	<u>(676,323)</u>
Total business-type activities	<u>6,274,068</u>	<u>5,025,825</u>	<u>474,799</u>	<u>296,025</u>	<u>(477,419)</u>
Total primary government	<u>\$ 17,958,719</u>	<u>\$ 9,539,649</u>	<u>\$ 2,346,925</u>	<u>\$ 296,025</u>	<u>\$ (5,776,120)</u>

continued...

The accompanying notes are an integral part of these financial statements.

IOSCO COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets			
Net (expense) revenue	\$ (5,298,701)	\$ (477,419)	\$ (5,776,120)
General revenues:			
Property taxes	5,635,963	408,391	6,044,354
Grants and contributions not restricted to specific programs	99,234	-	99,234
Unrestricted investment earnings	137,650	112,195	249,845
Transfers - internal activities	407,260	(407,260)	-
Total general revenues, and transfers	6,280,107	113,326	6,393,433
Change in net assets	981,406	(364,093)	617,313
Net assets, beginning of year, as restated	9,113,205	11,503,048	20,616,253
Net assets, end of year	\$ 10,094,611	\$ 11,138,955	\$ 21,233,566

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	GENERAL	AMBULANCE SERVICE FUND	REVENUE SHARING RESERVE FUND
<u>ASSETS</u>			
Cash and cash equivalents	\$ 575,308	\$ 1,718,265	\$ 490,394
Investments	-	-	-
Taxes receivable	2,256,145	-	-
Loans receivable	-	-	-
Interest receivable	466	-	-
Accounts receivable	4,969	1,109,201	-
Allowance for doubtful accounts	-	(937,878)	-
Due from other funds	-	-	1,232,369
Due from State	137,703	-	-
Prepaid expenditures	1,667	-	-
Advance to component units	67,000	-	-
<u>TOTAL ASSETS</u>	<u>\$ 3,043,258</u>	<u>\$ 1,889,588</u>	<u>\$ 1,722,763</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES			
Accounts payable	\$ 84,554	\$ 10,934	\$ -
Accrued liabilities and advances	43,843	66,498	-
Due to other funds	1,270,407	-	-
Deferred revenue	1,365,367	-	-
<u>TOTAL LIABILITIES</u>	<u>2,764,171</u>	<u>77,432</u>	<u>-</u>
FUND EQUITY			
Fund balances:			
Reserved for:			
Advances to component units	67,000	-	-
Prepaid items	1,667	-	-
Debt service	-	-	-
Restricted contributions	-	-	-
Unreserved - undesignated, reported in:			
General fund	210,420	-	-
Special revenue funds	-	1,812,156	1,722,763
<u>TOTAL FUND EQUITY</u>	<u>279,087</u>	<u>1,812,156</u>	<u>1,722,763</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 3,043,258</u>	<u>\$ 1,889,588</u>	<u>\$ 1,722,763</u>

The accompanying notes are an integral part of these financial statements.

EDC GRANT REVOLVING LOAN FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
\$ 337,060	\$ 2,845,181	\$ 5,966,208
-	80,000	80,000
-	332,886	2,589,031
3,092,526	304,111	3,396,637
-	2,083	2,549
-	73,195	1,187,365
-	-	(937,878)
-	217,033	1,449,402
-	184,879	322,582
-	-	1,667
-	-	67,000
\$ 3,429,586	\$ 4,039,368	\$ 14,124,563

\$ -	\$ 62,357	\$ 157,845
-	22,855	133,196
-	178,995	1,449,402
3,092,526	650,525	5,108,418
3,092,526	914,732	6,848,861

-	-	67,000
-	-	1,667
-	316,859	316,859
-	43,851	43,851
-	-	210,420
337,060	2,763,926	6,635,905
337,060	3,124,636	7,275,702
\$ 3,429,586	\$ 4,039,368	\$ 14,124,563

**IOSCO COUNTY, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

Fund balances - total governmental funds	\$ 7,275,702
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	3,644,853
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Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: other deferred revenues for loans receivable	3,396,638
---	-----------

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds payable/capital leases	(3,498,190)
Subtract: accrued interest payable	(13,015)
Subtract: compensated absences	(346,996)
Subtract: net pension obligation	(406,231)

Elimination of Internal Service Fund activities	<u>41,850</u>
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Net assets of governmental activities	<u><u>\$ 10,094,611</u></u>
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The accompanying notes are an integral part of these financial statements.

IOSCO COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	GENERAL	AMBULANCE SERVICE FUND	REVENUE SHARING RESERVE FUND
REVENUES			
Taxes	\$ 3,691,931	\$ 400,897	\$ 1,232,369
Licenses and permits	14,850	-	-
Intergovernmental:			
Federal grants	280,529	-	-
State grants	529,506	-	-
Contributions from local units	-	-	-
Charges for services	1,177,652	1,139,544	-
Fines and forfeits	70,271	-	-
Interest	37,988	40,840	-
Reimbursements and refunds	292,944	-	-
Other	1,328	47,814	-
TOTAL REVENUES	6,096,999	1,629,095	1,232,369
EXPENDITURES			
Legislative	115,776	-	-
Judicial	1,396,563	-	-
General government	2,494,022	-	-
Public safety	1,992,367	-	-
Public works	213	-	-
Health and welfare	367,821	1,338,920	-
Culture and recreation	6,227	-	-
Capital outlay	28,233	155,049	-
Other	17,447	-	-
Debt service - principal	134,623	-	-
Debt service - interest and charges	20,970	-	-
TOTAL EXPENDITURES	6,574,262	1,493,969	-
REVENUES OVER (UNDER) EXPENDITURES	(477,263)	135,126	1,232,369
OTHER FINANCING SOURCES (USES)			
Note proceeds	11,815	-	-
Transfers in	864,796	-	-
Transfers (out)	(568,354)	(15,550)	(457,536)
TOTAL OTHER FINANCING SOURCES (USES)	308,257	(15,550)	(457,536)
NET CHANGES IN FUND BALANCES	(169,006)	119,576	774,833
FUND BALANCES, BEGINNING OF YEAR	448,093	1,692,580	947,930
FUND BALANCES, END OF YEAR	\$ 279,087	\$ 1,812,156	\$ 1,722,763

The accompanying notes are an integral part of these financial statements.

EDC GRANT REVOLVING LOAN FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
\$ -	\$ 310,766	\$ 5,635,963
-	310,775	325,625
-	763,808	1,044,337
-	389,310	918,816
-	90,302	90,302
-	768,292	3,085,488
-	3,500	73,771
4,318	54,457	137,603
-	235,137	528,081
332,948	10,044	392,134
337,266	2,936,391	12,232,120
-	-	115,776
-	683,168	2,079,731
424,845	129,370	3,048,237
-	1,066,567	3,058,934
-	-	213
-	1,084,967	2,791,708
-	18,141	24,368
-	98,242	281,524
-	-	17,447
-	98,957	233,580
-	165,583	186,553
424,845	3,344,995	11,838,071
(87,579)	(408,604)	394,049
-	-	11,815
-	617,669	1,482,465
(25,040)	(8,725)	(1,075,205)
(25,040)	608,944	419,075
(112,619)	200,340	813,124
449,679	2,924,296	6,462,578
\$ 337,060	\$ 3,124,636	\$ 7,275,702

IOSCO COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Net change in fund balances - total governmental funds	\$	813,124
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay		301,823
Subtract: loss on the disposal of capital assets		(89,556)
Subtract: depreciation expense		(229,830)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: change in long-term receivables		66,419
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities		233,580
Subtract: note proceeds received		(11,815)
Add: change in accrued interest payable		312

The reduction of the County's long-term liability for the net pension obligation did not provide current financial resources, and was consequently not reported in the funds.

Subtract: increase of net pension obligation		(161,219)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add: decrease in the accrual of compensated absences		33,711
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Internal service funds are used by management to charge the costs of certain activities, such as insurance costs, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.

Add: interest revenue from governmental internal service fund		47
Add: net operating income from governmental activities accounted for in internal service fund		24,810

Change in net assets of governmental activities	\$	981,406
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The accompanying notes are an integral part of these financial statements.

IOSCO COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ 3,620,000	\$ 3,620,000	\$ 3,691,931	\$ 71,931
Licenses and permits	14,500	14,500	14,850	350
Intergovernmental:				
Federal grants	363,901	363,901	280,529	(83,372)
State grants	598,348	598,348	529,506	(68,842)
Charges for services	1,163,102	1,163,102	1,177,652	14,550
Fines and forfeits	72,500	72,500	70,271	(2,229)
Interest	35,000	35,000	37,988	2,988
Reimbursements and refunds	394,007	394,007	292,944	(101,063)
Other	1,200	1,200	1,328	128
TOTAL REVENUES	6,262,558	6,262,558	6,096,999	(165,559)
EXPENDITURES				
Current				
Legislative	129,762	115,451	115,776	325
Judicial	1,386,019	1,458,141	1,396,563	(61,578)
General government	2,581,537	2,629,137	2,494,022	(135,115)
Public safety	1,813,874	1,934,106	1,992,367	58,261
Public works	1,500	1,500	213	(1,287)
Health and welfare	364,197	367,673	367,821	148
Culture and recreation	5,250	6,780	6,227	(553)
Capital outlay	110,792	51,604	28,233	(23,371)
Other	70,186	5,984	17,447	11,463
Debt service	-	-	155,593	155,593
TOTAL EXPENDITURES	6,463,117	6,570,376	6,574,262	3,886
REVENUES OVER (UNDER) EXPENDITURES	(200,559)	(307,818)	(477,263)	(169,445)
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	11,815	11,815
Transfer in	747,845	855,105	864,796	9,691
Transfer (out)	(547,289)	(547,289)	(568,354)	(21,065)
TOTAL OTHER FINANCING (USES)	200,556	307,816	308,257	441
NET CHANGE IN FUND BALANCES	(3)	(2)	(169,006)	(169,004)
FUND BALANCE, BEGINNING OF YEAR	448,093	448,093	448,093	-
FUND BALANCE, END OF YEAR	\$ 448,090	\$ 448,091	\$ 279,087	\$ (169,004)

The accompanying notes are an integral part of these financial statements.

IOSCO COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
AMBULANCE SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ 391,500	\$ 391,500	\$ 400,897	\$ 9,397
Charges for services	1,100,000	1,100,000	1,139,544	39,544
Interest	5,000	5,000	40,840	35,840
Other	3,500	3,500	47,814	44,314
TOTAL REVENUES	1,500,000	1,500,000	1,629,095	129,095
EXPENDITURES				
Current				
Health and welfare	1,336,450	1,414,500	1,338,920	(75,580)
Capital outlay	148,000	211,873	155,049	(56,824)
TOTAL EXPENDITURES	1,484,450	1,626,373	1,493,969	(132,404)
REVENUES OVER (UNDER) EXPENDITURES	15,550	(126,373)	135,126	261,499
OTHER FINANCING SOURCES (USES)				
Transfer (out)	(15,550)	(15,550)	(15,550)	-
NET CHANGE IN FUND BALANCE	-	(141,923)	119,576	261,499
FUND BALANCE, BEGINNING OF YEAR	844,871	844,871	1,692,580	847,709
FUND BALANCE, END OF YEAR	\$ 844,871	\$ 702,948	\$ 1,812,156	\$ 1,109,208

The accompanying notes are an integral part of these financial statements.

IOSCO COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EDC GRANT REVOLVING LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Interest	\$ 5,000	\$ 5,000	\$ 4,318	\$ (682)
Other	360,000	360,000	332,948	(27,052)
TOTAL REVENUES	365,000	365,000	337,266	(27,734)
EXPENDITURES				
Current				
General government	365,000	365,000	424,845	59,845
REVENUES OVER (UNDER) EXPENDITURES	-	-	(87,579)	(87,579)
OTHER FINANCING SOURCES (USES)				
Transfer (out)	-	-	(25,040)	25,040
NET CHANGE IN FUND BALANCE	-	-	(112,619)	(112,619)
FUND BALANCE, BEGINNING OF YEAR	449,679	449,679	449,679	-
FUND BALANCE, END OF YEAR	\$ 449,679	\$ 449,679	\$ 337,060	\$ (112,619)

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REVENUE SHARING RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ -	\$ -	\$ 1,232,369	\$ 1,232,369
OTHER FINANCING SOURCES (USES)				
Transfer (out)	-	-	(457,536)	(457,536)
NET CHANGE IN FUND BALANCES	-	-	774,833	774,833
FUND BALANCES, BEGINNING OF YEAR	947,930	947,930	947,930	-
FUND BALANCES, END OF YEAR	\$ 947,930	\$ 947,930	\$ 1,722,763	\$ 774,833

The accompanying notes are an integral part of these financial statements.

IOSCO COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	ENTERPRISE			
	Medical Care Facility	Delinquent Tax Revolving Fund	East Tawas/ Tawas City Waste Treatment Facility Project	Oscoda Sewer 2003 Project
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 2,435,856	\$ 2,047,832	\$ -	\$ 515,389
Taxes receivable	441,868	-	-	-
Taxes receivable - delinquent	-	866,247	-	-
Loans receivable	-	-	1,509,581	16,703
Interest receivable	-	1,332	-	-
Accounts receivable	387,934	-	-	-
Other current assets	73,717	-	-	-
Due from other governmental units	-	-	-	-
Restricted assets - cash and cash equivalents	1,125,967	-	-	-
Capital assets, net:				
Assets not being depreciated	-	-	-	1,754,611
Assets being depreciated	4,799,454	-	-	-
TOTAL ASSETS	9,264,796	2,915,411	1,509,581	2,286,703
LIABILITIES				
Current Liabilities				
Accounts payable	131,593	-	-	-
Accrued liabilities and advances	468,517	-	14,581	16,703
Unearned revenue	441,868	-	-	-
Current portion of bond payable	-	-	360,000	55,000
TOTAL CURRENT LIABILITIES	1,041,978	-	374,581	71,703
Long-term Liabilities				
Bonds payable	-	-	1,135,000	2,215,000
TOTAL LIABILITIES	1,041,978	-	1,509,581	2,286,703
NET ASSETS				
Investment in capital assets	4,799,454	-	-	-
Unrestricted	3,423,364	2,915,411	-	-
TOTAL NET ASSETS	\$ 8,222,818	\$ 2,915,411	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

		INTERNAL SERVICE	
Other Enterprise Funds	Total	Workers' Compensation Insurance	
\$ 551	\$ 4,999,628	\$ 41,851	
-	441,868	-	
-	866,247	-	
2,524,605	4,050,889	-	
-	1,332	-	
-	387,934	-	
-	73,717	-	
175	175	-	
-	1,125,967	-	
-	1,754,611	-	
-	4,799,454	-	
2,525,331	18,501,822	41,851	
-	131,593	-	
34,605	534,406	-	
-	441,868	-	
392,000	807,000	-	
426,605	1,914,867	-	
2,098,000	5,448,000	-	
2,524,605	7,362,867	-	
-	4,799,454	-	
726	6,339,501	41,851	
\$ 726	\$ 11,138,955	\$ 41,851	

**IOSCO COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ENTERPRISE			
	Medical Care Facility	Delinquent Tax Revolving Fund	East Tawas/ Tawas City Waste Treatment Facility Project	Oscoda Sewer 2003 Project
OPERATING REVENUES				
Intergovernmental - State	\$ 132,144	\$ -	\$ -	\$ -
Charges for services	4,767,123	-	-	-
Interest on delinquent taxes	-	152,856	-	-
Collection fees	-	88,224	-	-
Other	-	15,695	-	-
TOTAL OPERATING REVENUES	4,899,267	256,775	-	-
OPERATING EXPENSES				
Salaries	2,889,673	-	-	-
Other	2,687,844	31,453	-	-
TOTAL OPERATING EXPENSES	5,577,517	31,453	-	-
OPERATING INCOME (LOSS)	(678,250)	225,322	-	-
NON-OPERATING REVENUES (EXPENSES)				
Contributions from local units	-	-	102,635	396,490
Interest on investments	95,114	16,877	-	-
Other revenue	410,318	-	-	16,831
Local unit cost of capital improvements	-	-	-	(312,856)
Interest and charges	-	-	(102,635)	(100,465)
TOTAL NON-OPERATING REVENUES	505,432	16,877	-	-
INCOME (LOSS) BEFORE TRANSFERS	(172,818)	242,199	-	-
TRANSFERS				
Transfers (out)	-	(407,260)	-	-
NET INCOME (LOSS)	(172,818)	(165,061)	-	-
NET ASSETS, BEGINNING OF YEAR	8,395,636	3,080,472	-	-
NET ASSETS, END OF YEAR	\$ 8,222,818	\$ 2,915,411	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

		INTERNAL SERVICE	
Other Enterprise Funds		Workers' Compensation Insurance	
Total			
\$	-	\$	132,144
	-		4,767,123
	-		152,856
	-		88,224
	-		15,695
			24,810
	-		5,156,042
			24,810
	-		2,889,673
	-		2,719,297
	-		5,608,970
	-		(452,928)
			24,810
	122,724		621,849
	-		111,991
	204		427,353
	(26,690)		(339,546)
	(122,452)		(325,552)
	(26,214)		496,095
	(26,214)		43,167
	-		(407,260)
	(26,214)		(364,093)
	26,940		11,503,048
			16,994
\$	726	\$	11,138,955
		\$	41,851

**IOSCO COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ENTERPRISE FUND			
	Medical Care Facility	Delinquent Tax Revolving Fund	East Tawas/ Tawas City Waste Treatment Facility Project	Oscoda Sewer 2003 Project
Cash flows from operating activities				
Cash received from customers	\$ 4,692,675	\$ (8,970)	\$ -	\$ -
Cash received from other operating activities	42,552	15,695	-	-
Cash received from proportionate share program	110,355	-	-	-
Cash payments to employees and suppliers	(5,242,548)	(31,453)	-	-
Net cash provided (used) by operating activities	(396,966)	(24,728)	-	-
Cash flows from non-capital financing activities				
Transfers	-	(407,260)	-	-
Cash received from property tax levy	408,391	-	-	-
Patient trust deposits, net	194	-	-	-
Other	1,927	-	-	-
Net cash provided (used) by non-capital financing activities	410,512	(407,260)	-	-
Cash flows from capital and related financing activities				
Purchases of capital assets	(737,022)	-	-	-
Contributions from local units	-	-	420,575	396,490
Cash payments for capital improvements	-	-	-	(441,722)
Principal paid on bonds	-	-	(367,563)	-
Interest and paying agent fees on bonds	-	-	(53,012)	(250)
Net cash provided (used) by capital and related financing activities	(737,022)	-	-	(45,482)
Cash flows from investing activities				
Interest received	95,114	16,877	-	16,831
Net increase (decrease) in cash and cash equivalents	(628,362)	(415,111)	-	(28,651)
Cash and cash equivalents, beginning of year	4,190,185	2,462,943	-	544,040
Cash and cash equivalents, end of year	\$ 3,561,823	\$ 2,047,832	\$ -	\$ 515,389
Statement of net assets classification of cash and cash equivalents				
Cash and cash equivalents	\$ 2,435,856	\$ 2,047,832	\$ -	\$ 515,389
Restricted assets	1,125,967	-	-	-
Cash and cash equivalents, end of year	\$ 3,561,823	\$ 2,047,832	\$ -	\$ 515,389
Non-cash investing capital and financing transactions				
All dividends and interest income were immediately reinvested in the cash management funds				
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (678,250)	\$ 225,322	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	397,848	-	-	-
Changes in assets and liabilities which increase (decrease) cash:				
Receivables	(31,415)	(250,050)	2,940	-
Inventories	(9,010)	-	-	-
Accounts payable	42,117	-	-	-
Accrued and other liabilities	(96,467)	-	(2,940)	-
Unearned revenue	(21,789)	-	-	-
Net cash provided (used) by operating activities	\$ (396,966)	\$ (24,728)	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

INTERNAL SERVICE			
Other Enterprise Funds	Total	Workers' Compensation Insurance	
\$ -	\$ 4,683,705	\$ -	
-	58,247	24,810	
-	110,355	-	
-	(5,274,001)	-	
-	(421,694)	24,810	
-	(407,260)	-	
-	408,391	-	
-	194	-	
-	1,927	-	
-	3,252	-	
-	(737,022)	-	
522,461	1,339,526	-	
(26,690)	(468,412)	-	
(396,000)	(763,563)	-	
(126,364)	(179,626)	-	
(26,593)	(809,097)	-	
204	129,026	47	
(26,389)	(1,098,513)	24,857	
26,940	7,224,108	16,994	
\$ 551	\$ 5,609,655	\$ 41,851	
\$ 551	\$ 4,999,628	\$ 41,851	
-	1,125,967	-	
\$ 551	\$ 6,125,595	\$ 41,851	
\$ -	\$ (452,928)	\$ 24,810	
-	397,848	-	
4,124	(274,401)	-	
(4,124)	(13,134)	-	
-	42,117	-	
-	(99,407)	-	
-	(21,789)	-	
\$ -	\$ (421,694)	\$ 24,810	

IOSCO COUNTY, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2005

<u>ASSETS</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 2,307,951
Investments	25,000
Accounts receivable	<u>91,722</u>
 <u>TOTAL ASSETS</u>	 <u><u>\$ 2,424,673</u></u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 7,605
Unallocated property taxes	351,255
Undistributed receipts	228,658
Undistributed penal fines	93,472
Due to other governmental units	<u>1,743,683</u>
 <u>TOTAL LIABILITIES</u>	 <u><u>\$ 2,424,673</u></u>

The accompanying notes are an integral part of these financial statements.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of *Iosco County*, (the “County”), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

A. REPORTING ENTITY

The accompanying financial statements are for the primary government of Iosco County, and do not include the financial data of the component units of the County. The component units discussed below are considered to be part of the County’s reporting entity because of the significance of their operational or financial relationship with the County.

The financial statements of the Iosco County 1984 Building Authority have been consolidated with the County’s related debt service funds as required by the State of Michigan.

The following are the component units of the County, which have been excluded from the accompanying financial statements. If these component units had been included, they would have been presented as discrete component unit:

Road Commission - The County appoints all members of the governing board of the Road Commission. The Road Commission deposits receipts with the County. The Road Commission also has a balance in the County’s common bank account and has investments through the County. A complete financial statement can be obtained from the Iosco County Road Commission, 3939 M-55, Tawas City, Michigan 48764.

County Drain Commission - The County elected the Drain Commissioner, who is responsible for the activities of the Drain Commission. The County Treasurer collects the receipts and the Clerk makes disbursements after the Drain Commissioner approves the invoices. The Drain Commission also has balances in the County’s common bank account and investments through the County. A complete financial statement can be obtained from the Iosco County Drain Commission, 420 Lake Street, Tawas City, Michigan 48764.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

JOINT OPERATIONS

District Health Department

The counties of Ogemaw, Oscoda, Alcona and Iosco participate jointly in the operation of the District Health Department. The financial operations of the District Health Department are recorded in the records of the Ogemaw County Health Fund.

The funding formula approved by the member counties is based pro rata on each unit's population and equalized valuation to the district's total population and valuation. Member counties' percentages of the net operating budget for 2005 were:

Ogemaw	28%	Oscoda	13%
Alcona	21%	Iosco	38%

Iosco County's appropriation to the District Health Department for 2005 was \$166,503.

Mental Health Authority

The AuSable Valley Community Mental Health Services Board is a three County Authority with each County appointing two members to the governing board. The Mental Health Services Board deposits their receipts with the Iosco County Treasurer. The Mental Health Services Board is part of Iosco County's common bank account and has investments through the County. The County's contribution to the Mental Health Services Board was \$69,070 for the current fiscal year. A complete financial statement of the Mental Health Services Board can be obtained from the AuSable Valley Community Mental Health Services Board, 1199 Harris Avenue, Tawas City, Michigan 48764.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement – based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *ambulance service fund* accounts for the collection of a separate tax millage that is used to fund the operations of ambulance services.

The *revenue sharing reserve fund* accounts for tax millage funds as required by Public Act 357 of 2004.

The *EDC Grant Revolving Loan Fund* accounts for the operations of a service providing low interest loans to assist professional, commercial, and industrial entities in rehabilitation and expansion of existing businesses and construction of new business within the county.

The government reports the following major proprietary funds:

The *medical care facility fund* accounts for the operations of the County's medical care facility.

The *delinquent tax revolving fund* accounts for the purchase of delinquent taxes from other local taxing units.

The *East Tawas/Tawas City Waste Treatment Facility Fund* accounts for the accumulation of funds for the payment of interest and principal on the East Tawas/Tawas City Waste Treatment Facility Bonds.

The *Oscoda Sewer 2003 Project Fund* accounts for the financial resources used for the repayment of the Oscoda Sewer 2003 Bonds.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Additionally, the County reports the following fund types:

Internal service funds account for the insurance fund services provided to other departments or agencies of the government on a cost reimbursement basis.

Agency funds are used to account for assets held for other governments in an agency capacity, including tax collections.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax revolving and the medical care facility enterprise funds are charges to customers for sales and services and interest collected on delinquent taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. DEPOSITS AND INVESTMENTS

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All investments are recorded at fair value.

Statutory Authority

State statutes authorize the County to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The County's investment policy allows for all of these types of investments.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

2. RECEIVABLES AND PAYABLES

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” There were no internal balances at the end of the fiscal year.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. INVENTORY AND PREPAID ITEMS

Inventories of expendable supplies have not been recorded and the amount of any such inventories is not considered material. The cost of such inventories has been treated as an expenditure at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. RESTRICTED ASSETS

Restricted assets are assets that have been set aside for future capital purchases in the Medical Care Facility.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County of Iosco), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	10-40 years
Equipment	5-10 years
Vehicles	5-7 years
Infrastructure	5-50 years

6. COMPENSATED ABSENCES

Compensated Absence Liability Recognition

Accumulated PTO is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured.

The portion of unpaid PTO pay that is applicable to governmental fund types is reported in the Statement of Net Assets.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

7. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- Prior to December 1, the departments submit to the Board of Commissioners a proposed departmental operating budget for the fiscal year commencing the following January 1. This operating budget includes proposed expenditures and means of financing them.
- Public hearings are conducted at the governmental center to obtain taxpayer comments.
- Prior to January 1, the budget is legally enacted through passage of an ordinance.
- All budget appropriations lapse at year end. Budgetary amounts reported herein are as originally adopted, or as amended by the Board of Commissioners throughout the operating year.
- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis, while the Internal Service and Enterprise Fund informational budgets are prepared using the accrual basis of accounting. Both methods are consistent with generally accepted accounting principles (GAAP).
- The legal level of control is at the activity level for the General Fund and Special Revenue Funds.
- The County Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures in the General Fund must be approved by the County Board of Commissioners.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS

The General Fund and other County Funds had expenditures exceeding budgeted appropriations at the activity level, which is the County's legal level of budgetary control for the year ended December 31, 2005.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL FUND			
LEGISLATIVE			
Board of Commissioners	\$ 115,451	\$ 115,776	\$ (325)
JUDICIAL			
District Court	475,112	504,869	(29,757)
Probate Court	446,660	453,390	(6,730)
GENERAL GOVERNMENT			
County counsel	25,000	39,740	(14,740)
County clerk	319,103	328,649	(9,546)
Equalization department		174,844	183,029
(8,185)			
Cooperative reimbursement			
Program	40,104	41,181	(1,077)
Register of deeds	193,076	196,210	(3,134)
County treasurer	213,480	229,848	(16,368)
Computer facility	110,817	114,794	(3,977)
MERS contribution	318,736	340,490	(21,754)
Miscellaneous	35,800	46,107	(10,307)
PUBLIC SAFETY			
Sheriff Department	315,314	327,053	(11,739)
Cooperative Extension			
Marine Agent	15,007	15,163	(156)
Jail	1,175,946	1,232,131	(56,185)
Animal shelter	65,633	73,500	(7,867)
Sex offenders registration	-	1,594	(1,594)
HEALTH AND WELFARE			
Substance abuse agency	\$ 68,000	\$ 72,660	\$ (4,660)
Medical examiner	27,236	28,223	(987)
Veterans burials and foundations	8,740	9,200	(460)

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER	5,984	17,447	(11,463)
DEBT SERVICE			
Principal	-	134,623	(134,623)
Interest	-	20,970	(20,970)
TRANSFERS OUT			
Veterans Relief	-	455	(455)
Airport	10,000	11,030	(1,030)
Wraparound Coordinator	25,043	43,639	(18,596)
Friend of Court	25,000	42,099	(17,099)
Medical Support	-	913	(913)
SPECIAL REVENUE FUNDS			
Revenue Sharing Reserve			
Transfer out	-	457,536	(457,536)
EDC Grant Revolving-			
General Government	365,000	424,825	(59,825)
Transfer Out	-	25,040	(25,040)
E-911 Wireless Training Grant			
Health and Welfare	-	3,387	(3,387)
Friend of Court			
Judicial	569,192	602,891	(33,699)
Debt service principal	-	11,952	(11,952)
Debt service interest	-	5,553	(5,553)
Intensive Community Treatment			
Health and Welfare	127,898	135,240	(7,342)
Marriage Counseling			
Health and Welfare	-	1,849	(1,849)
OUIL Restitution			
Judicial	5,766	23,219	(17,453)
Register of Deed Technology			
General Government	45,050	59,718	(14,668)
Debt service principal	-	3,788	(3,788)
Debt service interest	-	521	(521)
Crime Victims Rights			
Public Safety	\$ 21,567	\$ 22,622	\$ (1,055)
Local Correctional Training			
Public Safety	3,000	8,966	(5,966)
Drug Enforcement			

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Public Safety	-	3,466	(3,466)
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SPECIAL REVENUE FUNDS			
(continued)			
Trail Grooming			
Debt service principal	-	8,217	(8,217)
Debt service interest	-	1,321	(1,321)
Child Care Fund-			
Health and Welfare	617,500	648,878	(31,378)
Veterans' Relief			
Health and Welfare	-	55	(55)
Veterans' Trust			
Health and Welfare	1,904	3,897	(1,993)

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

State statutes authorize the County to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through 12/31/97.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

A reconciliation of cash and investments as shown in the financial statements to the County's deposits and investments is as follows:

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 10,676,040
Investments	80,000
Restricted cash	1,457,614
 Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	2,307,951
Investments	<u>25,000</u>
 Total	<u><u>\$ 14,546,605</u></u>
 Deposits and Investments:	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	<u><u>\$ 14,546,605</u></u>

Deposit risk

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end \$7,098,878 of the County's bank balance of \$7,498,878 was exposed to custodial credit risk because it was uninsured and uncollateralized.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

B. RECEIVABLES

Receivables in the primary government are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes	\$ 2,589,031	\$ 1,308,115
Accounts	1,189,914	389,441
Loan		
Due within one year	231,667	752,000
Due after one year	3,164,970	3,298,889
Intergovernmental		
Due within one year	322,582	-
Less: allowance for uncollectible accounts	<u>(937,878)</u>	<u>-</u>
Total	<u>\$ 6,560,286</u>	<u>\$ 5,748,445</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ -	\$1,365,367
Property taxes receivable (Nonmajor Governmental Funds)	-	332,886
Loans Receivable (EDC Grant Revolving Loan Fund)	3,092,526	-
Loans Receivable (Nonmajor Governmental Funds)	304,111	4,000
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>9,528</u>
Total	<u>\$ 3,396,637</u>	<u>\$1,711,781</u>

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2005 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 263,506	\$ -	\$ -	\$ 263,506
Total capital assets not being depreciated:	<u>263,506</u>	<u>-</u>	<u>-</u>	<u>263,506</u>
Capital assets being depreciated:				
Buildings & improvements	3,689,981	41,371	(26,483)	3,704,869
Equipment	482,776	118,257	(75,480)	525,553
Vehicles	<u>646,033</u>	<u>142,195</u>	<u>(98,983)</u>	<u>689,245</u>
Total capital assets being depreciated	<u>4,818,790</u>	<u>301,823</u>	<u>(200,946)</u>	<u>4,919,667</u>
Less accumulated depreciation				
Buildings & improvements	(937,915)	(106,602)	1,854	(1,042,663)
Equipment	(181,213)	(40,337)	34,448	(187,102)
Vehicles	<u>(300,752)</u>	<u>(82,891)</u>	<u>75,088</u>	<u>(308,555)</u>
Total accumulated depreciation	<u>(1,419,880)</u>	<u>(229,830)</u>	<u>111,390</u>	<u>(1,538,320)</u>
Total capital assets being depreciated, net	<u>3,398,910</u>	<u>71,993</u>	<u>(89,556)</u>	<u>3,381,347</u>
Governmental activities capital assets, net	<u>\$ 3,662,416</u>	<u>\$ 71,993</u>	<u>\$ (89,556)</u>	<u>\$ 3,644,853</u>

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Business-type activities

Activity for the Iosco County Medical Care Facility for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 28,500	\$ -	\$ (28,500)	\$ -
Capital assets being depreciated:				
Building & improvements	5,016,121	677,039	-	5,693,160
Equipment	1,485,045	88,483	-	1,573,528
Total capital assets being depreciated	6,501,166	765,522	-	7,266,688
Less accumulated depreciation				
Building & improvements	(1,100,330)	(300,189)	-	(1,400,519)
Equipment	(969,056)	(97,659)	-	(1,066,715)
Total accumulated depreciation	(2,069,386)	(397,848)	-	(2,467,234)
Total capital assets being depreciated, net	4,431,780	367,674	-	4,799,454
Business-type activities capital assets, net	\$ 4,460,280	\$ 367,674	\$ (28,500)	\$ 4,799,454

Activity for the Oscoda Sewer 2003 Project for the year ended December 31, 2005, was as follows:

Capital assets not being depreciated:				
Construction in progress	\$ 1,312,889	\$ 441,722	\$ -	\$ 1,754,611

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 93,430
Public safety	48,311
Health and welfare	76,517
Culture and Recreation	<u>11,572</u>

Total depreciation expense – governmental activities **\$ 229,830**

Business-type activities

Total depreciation expense – Medical Care Facility **\$ 397,848**

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Due to</u>	<u>Due From</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
Revenue sharing reserve	\$ 1,232,369	\$ -	\$ 1,232,369
Nonmajor governmental funds	<u>38,038</u>	<u>178,995</u>	<u>217,033</u>
Total	<u>\$1,270,407</u>	<u>\$ 178,995</u>	<u>\$ 1,449,402</u>

The balances are a result of time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Additionally, the General Fund owes the Revenue Sharing Reserve Fund for one-third of the amount of the 2004 property tax levy from the July 2005 tax levy not yet remitted at December 31, 2005.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Advances to/from component units

General	\$ 67,000	\$ -
Drain commission	-	67,000
Total	<u>\$ 67,000</u>	<u>\$ 67,000</u>

Transfers From	Transfers To		
	General Fund	Nonmajor Governmental Funds	Total
General	\$ -	\$ 568,354	\$ 568,354
Ambulance Service Fund	-	15,550	15,550
Revenue Sharing Reserve	457,536	-	457,536
EDC Loan Fund	-	25,040	25,040
Delinquent Tax Revolving Fund	407,260	-	407,260
Nonmajor governmental funds	-	8,725	8,725
Total	<u>\$ 864,796</u>	<u>\$ 617,669</u>	<u>\$ 1,482,465</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move revenue from the Revenue Reserve Sharing Fund to replace the amount the County would have received for their State shared revenue for October 2005 per Public Act 357 of 2004.

E. LONG-TERM DEBT

Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$3,290,000 and \$14,844,463 for governmental and business-type activities respectively.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

General obligation bonds and notes are direct obligation bonds and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 40-year serial bonds with varying amounts of principal maturing each year. General obligation and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities		
Building Authority Bonds		
Medical Care Facility		
Enterprise Fund	5.0-5.5%	<u>\$ 2,965,000</u>
Business-type activities		
Public Works Bonds	2.75 – 7.0%	<u>\$ 6,255,000</u>

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

<u>Year Ending December 31</u>	<u>Primary Government Governmental Activities General Obligations</u>		<u>Primary Government Business-Type Activities General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 75,000	\$ 154,300	\$ 807,000	\$ 295,727
2007	100,000	149,925	817,000	255,830
2008	100,000	144,925	631,000	218,878
2009	125,000	139,300	632,000	185,676
2010	150,000	132,425	252,000	152,453
2011-2015	975,000	529,431	1,301,000	584,190
2016-2020	1,440,000	208,331	1,010,000	786,413
2021-2025	-	-	805,000	96,325
Totals	<u>\$2,965,000</u>	<u>\$1,458,637</u>	<u>\$ 6,255,000</u>	<u>\$2,575,492</u>

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Minimum capital lease payments for each of the years succeeding December 31, 2005 for the County are as follows:

<u>Year</u>	<u>Capital Lease Payments</u>
2006	\$ 108,396
2007	85,950
2008	68,788
2009	67,327
2010	67,327
2011-2015	<u>230,033</u>
Total minimum lease payments	627,821
Less amounts representing interest	<u>94,631</u>
Present value of net minimum lease payments	<u>\$ 533,190</u>

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Building Authority-					
General obligation bonds	\$ 3,040,000	\$ -	\$ (75,000)	\$ 2,965,000	\$ 75,000
Net pension obligation	245,012	161,219	-	406,231	-
Capital leases	679,955	11,815	(158,580)	533,190	86,582
Compensated absences	<u>380,706</u>	<u>417,898</u>	<u>(451,608)</u>	<u>346,996</u>	<u>316,223</u>
Governmental activity Long-term liabilities	<u>\$ 4,345,673</u>	<u>\$ 590,932</u>	<u>\$ (685,188)</u>	<u>\$ 4,251,417</u>	<u>\$ 477,805</u>
Business-type activities					
General obligation bonds	<u>\$ 6,966,000</u>	<u>\$ -</u>	<u>\$ (711,000)</u>	<u>\$ 6,255,000</u>	<u>\$ 807,000</u>

For governmental activities, compensated absences and the net pension obligation are generally liquidated by the general fund.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

IV. OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLAN

Plan Description. The County's defined benefit pension plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy. The County is required to contribute at an actuarially determined rate; the current rate required to be contributed on annual covered payroll is 12.23% for general employees, 15.51% for members of the police officers union, 7.06% for medical care facility employees, 0% for members of the United Steel Workers Union, 0% for members of the Central Dispatch, 13.31% for Chemical Workers Union, 19.40% for Elected and Non-Union employees, and 23.67% for the Director. Employees are required to contribute between 0.0% to 2.0% to the Plan, depending on contract or union agreement. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to MERS for the current year were as follows:

Annual required contribution	\$ 720,204
Interest on net pension obligation	19,601
Adjustment to annual required contribution	<u>(45,711)</u>
Annual pension cost	694,094
Contributions made	<u>(532,875)</u>
Increase in net pension obligation	161,219
Net pension obligation, beginning of year	<u>245,012</u>
Net pension obligation, end of year	<u>\$ 406,231</u>

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

The annual required contribution for the current year was determined as a part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.00% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 520,992	112%	\$ 180,063
12/31/04	562,907	88%	245,012
12/31/05	694,094	77%	406,231

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/02	\$9,616,650	\$13,135,615	\$3,518,965	73%	\$5,353,343	66%
12/31/03	10,655,538	15,050,353	4,394,815	71	6,194,175	70
12/31/04	11,533,689	16,109,387	4,575,698	72	6,150,927	74

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

B. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

The Iosco County Employees Defined Contribution Pension Plan (the “Plan”) is a single employer defined contribution pension plan, established by the County and administered by an outside third-party administrator. All County employees hired after January 2000, with the exception of certain bargaining units, are required to participate in the Plan. As the union contracts of the non-participating bargaining units are renegotiated, new employees of these units are added to the Plan. All other County employees that are not vested in the County’s Defined Benefit Plan have the option of becoming a participant in the Defined Contribution Plan. Employees vest in the County’s contributions completely after one year.

At December 31, 2005, there were 23 plan members. Plan members are not required to contribute to the Plan, however, employees may contribute up to 8% of their annual salary. The County is required to contribute 7% of the employees’ annual salary. The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners.

Employer contributions to the Plan for the year ended December 31, 2005 amounted to \$39,841 and employee contributions were \$6,256.

A stand-alone pension plan report has not been issued for the defined contribution plan.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

C. PROPERTY TAXES

The County property tax is levied each July 1st and Dec 1st through 2007 on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County's 2005 ad valorem tax is levied and collectible by December 1, 2005, it is the County's policy for all governmental fund types (with the exception below) to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to Revenue Sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy will be shifting over three years from winter to summer.

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Iosco County for the 2005 levy had a taxable value of \$993,403,864 on which ad valorem taxes levied for County general operating purposes was 3.9505 mills, for Library was .4954, for Medical Care Operations was .4464, and for Medical Care Facility debt service was .3387.

Taxes are collected by the various tax collecting units from the date of the levy and remitted to the County through the Trust and Agency Fund for distribution to the General Fund. The property taxes levied December 1 are accrued as current tax receivable with the appropriate deferral, and are budgeted as revenue in the subsequent year in the governmental funds.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2005. This activity is recorded in the Delinquent Tax Revolving Funds.

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

D. RESTATEMENTS

Within the enterprise fund type, certain funds that were previously recorded as debt service and capital projects funds are now reported as enterprise funds. The purpose of this restatement was to comply with the Michigan Committee on Governmental Accounting and Auditing Statement 10, as Amended, Accounting and Reporting Infrastructure Assets for Local Water and Sewer Systems and County Drains. The restatement had the same effect on the net assets of the business-type activities on the government-wide financial statements. Additionally, fund balance of the nonmajor governmental funds was restated for the reclassification. Net Assets for governmental activities were adjusted for the correction of the net pension obligation as well.

	<u>Enterprise Funds</u>
Beginning net assets, as previously reported	\$ 11,476,108
Adjustment	<u>26,940</u>
Beginning net assets, as restated	<u>\$ 11,503,048</u>

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Nonmajor Governmental Funds

Beginning net assets, as previously reported	\$ 2,951,236
Adjustment for reclassification of funds	<u>(26,940)</u>
Beginning net assets, as restated	<u>\$ 2,924,296</u>

Governmental Activities Net Assets

Beginning net assets, as previously reported	\$ 9,844,769
Adjustment to net pension obligation	(160,584)
Adjustment for reclassification of funds	(544,040)
Adjustment for reclassification of funds	<u>(26,940)</u>
Beginning net assets, as restated	<u>\$ 9,113,205</u>

IOSCO COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

E. CONTINGENCIES AND PENDING LITIGATION

The County is a defendant in several matters which involve various claims against Iosco County related to disciplinary proceedings, unfair labor practices and property tax appeals. Outside counsel has advised that the possibility of unfavorable outcomes does exist, but believes that this is not likely. If an unfavorable outcome does occur, legal counsel is currently unable to predict the amount of range of potential loss.

Under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

* * * * *

**IOSCO COUNTY, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
CIRCUIT COURT				
Charges for services	\$ 1,475	\$ 1,475	\$ 4,054	\$ 2,579
Reimbursements and refunds	107,358	107,358	62,536	(44,822)
TOTAL CIRCUIT COURT	108,833	108,833	66,590	(42,243)
DISTRICT COURT				
Intergovernmental:				
State	7,000	7,000	7,764	764
Charges for services	481,500	481,500	516,008	34,508
Fines and forfeits	72,500	72,500	70,271	(2,229)
Reimbursements and refunds	39,369	39,369	29,035	(10,334)
TOTAL DISTRICT COURT	600,369	600,369	623,078	22,709
PROBATE COURT				
Charges for services	57,000	57,000	51,708	(5,292)
DECISIONS TO ACTION				
Intergovernmental:				
State	16,600	16,600	6,559	(10,041)
Reimbursements	135	135	-	(135)
TOTAL DECISIONS TO ACTION	16,735	16,735	6,559	(10,176)
COUNTY CLERK				
Charges for services	82,475	82,475	106,462	23,987
Reimbursements and refunds	15,280	15,280	1,107	(14,173)
TOTAL COUNTY CLERK	97,755	97,755	107,569	9,814
PROSECUTOR				
Intergovernmental:				
Federal	40,000	40,000	48,768	8,768
Charges for services	-	-	235	235
TOTAL PROSECUTOR	40,000	40,000	49,003	9,003
EQUALIZATION				
Charges for services	8,650	8,650	9,250	600
REMONUMENTATION PROJECT				
Intergovernmental:				
State	93,261	93,261	77,794	(15,467)
REGISTER OF DEEDS				
Charges for services	305,860	305,860	303,282	(2,578)
TREASURER				
Taxes	3,620,000	3,620,000	3,691,931	71,931
Licenses and permits	7,000	7,000	5,927	(1,073)
Intergovernmental:				
Federal	66,000	66,000	78,268	12,268
State	453,439	453,439	415,949	(37,490)
Charges for services	13,100	13,100	11,189	(1,911)
Interest	35,000	35,000	37,988	2,988
Reimbursements and refunds	232,000	232,000	200,266	(31,734)
TOTAL TREASURER	4,426,539	4,426,539	4,441,518	14,979

**IOSCO COUNTY, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
COMPUTER FACILITY				
Charges for services	23,000	23,000	21,510	(1,490)
COOPERATIVE EXTENSION				
Intergovernmental:				
State - MDA	9,352	9,352	5,285	(4,067)
State - Sea	15,007	15,007	-	(15,007)
State - Soil	2,000	2,000	-	(2,000)
TOTAL COOPERATIVE EXTENSION	26,359	26,359	5,285	(21,074)
SHERIFF				
Licenses and permits	7,500	7,500	8,923	1,423
Charges for services	55,130	55,130	45,651	(9,479)
Other	-	-	530	530
TOTAL SHERIFF	62,630	62,630	55,104	(7,526)
MARINE SAFETY				
Intergovernmental:				
State	16,561	16,561	16,155	(406)
Other	1,200	1,200	798	(402)
TOTAL MARINE SAFETY	17,761	17,761	16,953	(808)
JAIL				
Charges for services	110,000	110,000	99,778	(10,222)
EMERGENCY SERVICES				
Intergovernmental:				
Federal	257,901	257,901	153,493	(104,408)
State	-	-	-	-
TOTAL EMERGENCY SERVICES	257,901	257,901	153,493	(104,408)
ANIMAL SHELTER				
Charges for services	8,605	8,605	7,376	(1,229)
ANIMAL CONTROL				
Charges for services	1,300	1,300	1,149	(151)
TOTAL REVENUES	6,262,558	6,262,558	6,096,999	(165,559)
OTHER FINANCING SOURCES				
Note proceeds	-	-	11,815	11,815
Transfer in	747,845	855,105	864,796	9,691
TOTAL OTHER FINANCING SOURCES	747,845	855,105	876,611	21,506
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 7,010,403	\$ 7,117,663	\$ 6,973,610	\$ (144,053)

**IOSCO COUNTY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
LEGISLATIVE				
Board of Commissioners	\$ 129,762	\$ 115,451	\$ 115,776	\$ 325
JUDICIAL				
Circuit Court	451,477	467,069	373,399	(93,670)
District Court	438,877	475,112	504,869	29,757
Probate Court	426,365	446,660	453,390	6,730
Decisions to action	64,000	64,000	59,837	(4,163)
Jury Commission	5,300	5,300	5,068	(232)
TOTAL JUDICIAL	1,386,019	1,458,141	1,396,563	(61,578)
GENERAL GOVERNMENT				
County memberships	6,830	6,830	6,756	(74)
Elections	11,985	11,985	8,595	(3,390)
County counsel	25,000	25,000	39,740	14,740
County clerk	319,103	319,103	328,649	9,546
Equalization department	174,845	174,844	183,029	8,185
Prosecuting attorney	187,289	231,417	225,871	(5,546)
Cooperative reimbursement program	40,104	40,104	41,181	1,077
Register of deeds	193,076	193,076	196,210	3,134
Remonumentation project	93,261	93,261	93,254	(7)
County treasurer	213,480	213,480	229,848	16,368
Cooperative extension service	139,680	139,680	136,033	(3,647)
Computer facility	105,458	110,817	114,794	3,977
County building and grounds	642,372	640,836	436,658	(204,178)
Drain Commissioner	62,605	62,255	57,116	(5,139)
Planning Commission	3,653	3,653	1,431	(2,222)
Soil conservation	8,260	8,260	8,260	-
MERS contribution	318,736	318,736	340,490	21,754
Miscellaneous	35,800	35,800	46,107	10,307
TOTAL GENERAL GOVERNMENT	2,581,537	2,629,137	2,494,022	(135,115)
PUBLIC SAFETY				
Sheriff department	310,314	315,314	327,053	11,739
Cooperative extension - Marine agent	15,007	15,007	15,163	156
Department of corrections	250	250	249	(1)
Jail	1,060,715	1,175,946	1,232,131	56,185
Emergency services office	266,461	266,461	265,117	(1,344)
Animal control	63,082	63,083	54,507	(8,576)
Animal shelter	65,633	65,633	73,500	7,867
Local emergency planning	1,750	1,750	1,439	(311)
Sex offenders registration	-	-	1,594	1,594
Marine safety	30,662	30,662	21,614	(9,048)
TOTAL PUBLIC SAFETY	1,813,874	1,934,106	1,992,367	58,261

IOSCO COUNTY, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
PUBLIC WORKS				
Department of Public Works	\$ 1,500	\$ 1,500	\$ 213	\$ (1,287)
HEALTH AND WELFARE				
District health	184,503	184,503	178,567	(5,936)
Mental Health	69,070	69,070	69,070	-
Substance Abuse Agency	68,000	68,000	72,660	4,660
Medical examiner	24,500	27,236	28,223	987
Veterans burials and foundations	8,000	8,740	9,200	460
Veterans counselor	10,124	10,124	10,101	(23)
TOTAL HEALTH AND WELFARE	364,197	367,673	367,821	148
CULTURE AND RECREATION				
Parks and Receptions Board	5,250	6,780	6,227	(553)
CAPITAL OUTLAY	110,792	51,604	28,233	(23,371)
OTHER	70,186	5,984	17,447	11,463
DEBT SERVICE				
Principal	-	-	134,623	134,623
Interest	-	-	20,970	20,970
TOTAL DEBT SERVICE	-	-	155,593	155,593
TOTAL EXPENDITURES	6,463,117	6,570,376	6,574,262	3,886
TRANSFERS OUT				
Veterans Relief	-	-	455	455
Probate Guardian	5,000	5,000	-	(5,000)
Public Safety Building	3,967	3,967	3,967	-
Airport	10,000	10,000	11,030	1,030
Crime Victims	7,779	7,779	7,779	-
Wraparound Coordinator	25,043	25,043	43,639	18,596
Child Care	470,500	470,500	458,472	(12,028)
Friend of Court	25,000	25,000	42,099	17,099
Medical Support	-	-	913	913
TOTAL TRANSFERS OUT	547,289	547,289	568,354	21,065
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 7,010,406	\$ 7,117,665	\$ 7,142,616	\$ 24,951

**IOSCO COUNTY, MICHIGAN
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Special Revenue Funds	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,518,794	\$ 316,859	\$ 9,528	\$ 2,845,181
Investments	80,000	-	-	80,000
Taxes receivable	-	332,886	-	332,886
Loans receivable	304,111	-	-	304,111
Interest receivable	2,083	-	-	2,083
Accounts receivable	73,195	-	-	73,195
Due from other funds	217,033	-	-	217,033
Due from other governments	184,879	-	-	184,879
TOTAL ASSETS	\$ 3,380,095	\$ 649,745	\$ 9,528	\$ 4,039,368
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$ 62,357	\$ -	\$ -	\$ 62,357
Accrued liabilities and advances	22,855	-	-	22,855
Due to other funds	178,995	-	-	178,995
Deferred revenue	308,111	332,886	9,528	650,525
TOTAL LIABILITIES	572,318	332,886	9,528	914,732
FUND EQUITY				
Fund balances:				
Reserved	43,851	316,859	-	360,710
Unreserved:				
Undesignated	2,763,926	-	-	2,763,926
TOTAL FUND BALANCE	2,807,777	316,859	-	3,124,636
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,380,095	\$ 649,745	\$ 9,528	\$ 4,039,368

IOSCO COUNTY, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Special Revenue Funds	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ -	\$ 310,766	\$ -	\$ 310,766
Licenses and permits	310,775	-	-	310,775
Intergovernmental:				
Federal grants	763,808	-	-	763,808
State grants	389,310	-	-	389,310
Contributions from local units	90,302	-	-	90,302
Charges for services	768,292	-	-	768,292
Fines and forfeits	3,500	-	-	3,500
Interest	54,457	-	-	54,457
Reimbursements and refunds	235,137	-	-	235,137
Other	-	10,044	-	10,044
TOTAL REVENUES	2,615,581	320,810	-	2,936,391
EXPENDITURES				
Judicial	683,168	-	-	683,168
General government	129,370	-	-	129,370
Public safety	1,066,567	-	-	1,066,567
Health and welfare	1,084,967	-	-	1,084,967
Culture and recreation	18,141	-	-	18,141
Capital outlay	98,242	-	-	98,242
Debt service - principal	23,957	75,000	-	98,957
Debt service - interest and charges	7,395	158,188	-	165,583
TOTAL EXPENDITURES	3,111,807	233,188	-	3,344,995
REVENUES OVER (UNDER) EXPENDITURES	(496,226)	87,622	-	(408,604)
OTHER FINANCING SOURCES (USES)				
Transfers in	617,669	-	-	617,669
Transfers (out)	(8,725)	-	-	(8,725)
TOTAL OTHER FINANCING SOURCES (USES)	608,944	-	-	608,944
NET CHANGE IN FUND BALANCES	112,718	87,622	-	200,340
FUND BALANCES, BEGINNING OF YEAR	2,695,059	229,237	-	2,924,296
FUND BALANCES, END OF YEAR	\$ 2,807,777	\$ 316,859	\$ -	\$ 3,124,636

**IOSCO COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005**

	E-911		PUBLIC		E911	MEDICAL										
	WIRELESS		SAFETY		WIRELESS	SUPPORT										
	TRAINING GRANT	E-911	BUILDING													
<u>ASSETS</u>																
Cash and cash equivalents	\$	350	\$	347,458	\$	50,462	\$	240,577	\$	-						
Investments - cash equivalents		-		-		-		-		-						
Loan receivable		-		-		-		-		-						
Interest receivable		-		-		-		-		-						
Accounts receivable		-		50,513		-		-		-						
Due from other funds		-		-		-		-		913						
Due from State		-		-		-		26,868		-						
<u>TOTAL ASSETS</u>							\$	350	\$	397,971	\$	50,462	\$	267,445	\$	913
<u>LIABILITIES AND FUND EQUITY</u>																
LIABILITIES																
Accounts payable	\$	350	\$	1,644	\$	200	\$	1,109	\$	-						
Accrued liabilities and advances		-		6,103		-		1,014		-						
Due to other funds		-		-		-		-		913						
Deferred revenue		-		-		-		-		-						
TOTAL LIABILITIES								350		7,747		200		2,123		913
FUND EQUITY																
Fund balances:																
Reserved		-		-		-		-		-						
Unreserved:																
Undesignated		-		390,224		50,262		265,322		-						
TOTAL FUND BALANCES								-		390,224		50,262		265,322		-
<u>TOTAL LIABILITIES AND FUND EQUITY</u>							\$	350	\$	397,971	\$	50,462	\$	267,445	\$	913

FRIEND OF THE COURT	PROBATE GUARDIAN FUND	INTENSIVE COMMUNITY TREATMENT	MARRIAGE COUNSELING	GYPSY MOTH	BUILDING AND SAFETY	BUILDING IMPROVEMENT FUND
\$ -	\$ 40,207	\$ -	\$ 46,822	\$ 50,386	\$ 220,661	\$ 1,041,999
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,143	-	-	-	-	-	-
17,099	-	18,622	-	-	-	179,170
112,889	-	24,398	-	-	-	-
\$ 149,131	\$ 40,207	\$ 43,020	\$ 46,822	\$ 50,386	\$ 220,661	\$ 1,221,169

\$ 809	\$ 675	\$ 1,288	\$ -	\$ -	\$ 2,901	\$ -
6,441	-	1,724	-	-	5,334	-
133,812	-	40,008	-	-	26	-
-	-	-	-	-	-	-
141,062	675	43,020	-	-	8,261	-
-	-	-	-	-	-	-
8,069	39,532	-	46,822	50,386	212,400	1,221,169
8,069	39,532	-	46,822	50,386	212,400	1,221,169
\$ 149,131	\$ 40,207	\$ 43,020	\$ 46,822	\$ 50,386	\$ 220,661	\$ 1,221,169

continued

IOSCO COUNTY, MICHIGAN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

	OUIL RESTITUTION	REGISTER OF DEEDS TECHNOLOGY	DISASTER CONTINGENCY FUND	CRIME VICTIMS RIGHTS FUND	LOCAL CORRECTIONAL TRAINING
<u>ASSETS</u>					
Cash and cash equivalents	\$ 9,653	\$ 39,005	\$ 557	\$ -	\$ 6,877
Investments - cash equivalents	-	-	-	-	-
Loan receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from State	-	-	-	3,000	-
<u>TOTAL ASSETS</u>	<u>\$ 9,653</u>	<u>\$ 39,005</u>	<u>\$ 557</u>	<u>\$ 3,000</u>	<u>\$ 6,877</u>
<u>LIABILITIES AND FUND EQUITY</u>					
LIABILITIES					
Accounts payable	\$ 1,176	\$ 49	\$ -	\$ 2	\$ -
Accrued liabilities and advances	105	-	-	255	-
Due to other funds	-	-	-	2,586	-
Deferred revenue	-	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>1,281</u>	<u>49</u>	<u>-</u>	<u>2,843</u>	<u>-</u>
FUND EQUITY					
Fund balances:					
Reserved	-	-	-	-	-
Unreserved:					
Undesignated	8,372	38,956	557	157	6,877
<u>TOTAL FUND BALANCES</u>	<u>8,372</u>	<u>38,956</u>	<u>557</u>	<u>157</u>	<u>6,877</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 9,653</u>	<u>\$ 39,005</u>	<u>\$ 557</u>	<u>\$ 3,000</u>	<u>\$ 6,877</u>

DRUG ENFORCEMENT	LAW LIBRARY FUND	TRAIL GROOMING	MSHDA FUND	ICHRRLP FUND	JAIBG	MICHIGAN JUSTICE TRAINING
\$ 2,400	\$ -	\$ 13,383	\$ 33,496	\$ 179,175	\$ 2,661	\$ 8,001
-	-	-	-	80,000	-	-
-	-	-	19,671	76,023	-	-
-	-	-	-	2,083	-	-
-	1,750	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	9,825	-
\$ 2,400	\$ 1,750	\$ 13,383	\$ 53,167	\$ 337,281	\$ 12,486	\$ 8,001

\$ -	\$ -	\$ 3,329	\$ 9,984	\$ 13,010	\$ 4,614	\$ -
-	-	-	487	1,392	-	-
-	368	-	-	-	-	-
-	-	-	19,671	76,023	-	-
-	368	3,329	30,142	90,425	4,614	-

-	-	-	-	-	7,872	8,001
2,400	1,382	10,054	23,025	246,856	-	-
2,400	1,382	10,054	23,025	246,856	7,872	8,001
\$ 2,400	\$ 1,750	\$ 13,383	\$ 53,167	\$ 337,281	\$ 12,486	\$ 8,001

continued

IOSCO COUNTY, MICHIGAN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

	FAMILY INDEPENDENCE AGENCY		CHILD CARE FUND		VETERANS RELIEF FUND		VETERANS TRUST FUND	
<u>ASSETS</u>								
Cash and cash equivalents	\$	16,110	\$	21,567	\$	200	\$	438
Investments - cash equivalents		-		-		-		-
Loan receivable		-		-		-		-
Interest receivable		-		-		-		-
Accounts receivable		-		-		-		-
Due from other funds		-		-		200		-
Due from State		-		7,899		-		-
<u>TOTAL ASSETS</u>	\$	16,110	\$	29,466	\$	400	\$	438
<u>LIABILITIES AND FUND EQUITY</u>								
LIABILITIES								
Accounts payable	\$	-	\$	19,881	\$	-	\$	-
Accrued liabilities and advances		-		-		-		-
Due to other funds		-		-		-		(200)
Deferred revenue		-		-		-		-
TOTAL LIABILITIES		-		19,881		-		(200)
FUND EQUITY								
Fund balances:								
Reserved		16,110		-		-		638
Unreserved:								
Undesignated		-		9,585		400		-
TOTAL FUND BALANCES		16,110		9,585		400		638
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$	16,110	\$	29,466	\$	400	\$	438

COUNTY AIRPORT FUND	PLAT BOOK REVOLVING FUND	ECONOMIC REVOLVING LOAN FUND	ECONOMIC REVOLVING LOAN #3 FUND	EDC ADMINISTRATION	TOTAL
\$ -	\$ 11,230	\$ 131,119	\$ 4,000	\$ -	\$ 2,518,794
-	-	-	-	-	80,000
-	-	208,417	-	-	304,111
-	-	-	-	-	2,083
1,789	-	-	-	-	73,195
1,029	-	-	-	-	217,033
-	-	-	-	-	184,879
\$ 2,818	\$ 11,230	\$ 339,536	\$ 4,000	\$ -	\$ 3,380,095

\$ 1,336	\$ -	\$ -	\$ -	\$ -	\$ 62,357
-	-	-	-	-	22,855
1,482	-	-	-	-	178,995
-	-	208,417	4,000	-	308,111

2,818	-	208,417	4,000	-	572,318
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-	11,230	-	-	-	43,851
-	-	131,119	-	-	2,763,926

-	11,230	131,119	-	-	2,807,777
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\$ 2,818	\$ 11,230	\$ 339,536	\$ 4,000	\$ -	\$ 3,380,095
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**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	E-911 Wireless Training Grant			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	3,387	3,387
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	-	3,387	3,387
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	3,387	3,387
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	-	-	3,387	3,387
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ -

E-911				Public Safety Building			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
608,784	608,784	580,184	(28,600)	-	-	-	-
-	-	-	-	-	-	-	-
1,500	1,500	7,030	5,530	-	-	-	-
1,450	1,450	1,344	(106)	-	-	-	-
611,734	611,734	588,558	(23,176)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
594,250	609,142	561,152	(47,990)	28,242	28,242	19,738	(8,504)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,100	1,100	922	(178)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
595,350	610,242	562,074	(48,168)	28,242	28,242	19,738	(8,504)
16,384	1,492	26,484	24,992	(28,242)	(28,242)	(19,738)	8,504
-	-	-	-	28,242	28,242	28,242	-
(8,725)	(8,725)	(8,725)	-	-	-	-	-
(8,725)	(8,725)	(8,725)	-	28,242	28,242	28,242	-
7,659	(7,233)	17,759	24,992	-	-	8,504	8,504
372,465	372,465	372,465	-	41,758	41,758	41,758	-
\$ 380,124	\$ 365,232	\$ 390,224	\$ 24,992	\$ 41,758	\$ 41,758	\$ 50,262	\$ 8,504

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	E-911 Wireless			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	91,200	91,200	106,275	15,075
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	1,500	1,500	5,550	4,050
Other	6,500	6,500	-	(6,500)
TOTAL REVENUES	99,200	99,200	111,825	12,625
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	97,978	97,978	85,601	(12,377)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	97,978	97,978	85,601	(12,377)
REVENUES OVER (UNDER) EXPENDITURES	1,222	1,222	26,224	25,002
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	1,222	1,222	26,224	25,002
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	239,098	239,098	239,098	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 240,320	\$ 240,320	\$ 265,322	\$ 25,002

Medical Support				Friend of the Court			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	382,985	382,985	449,759	66,774
38,197	38,197	9,483	(28,714)	18,262	18,262	5,158	(13,104)
-	-	-	-	73,173	73,173	90,302	17,129
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	29,000	29,000	34,933	5,933
38,197	38,197	9,483	(28,714)	503,420	503,420	580,152	76,732
35,560	35,560	10,396	(25,164)	569,192	569,192	602,891	33,699
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,500	4,500	-	(4,500)
-	-	-	-	-	-	11,952	11,952
-	-	-	-	-	-	5,553	5,553
35,560	35,560	10,396	(25,164)	573,692	573,692	620,396	46,704
2,637	2,637	(913)	(3,550)	(70,272)	(70,272)	(40,244)	30,028
-	-	913	913	76,355	76,355	42,099	(34,256)
-	-	-	-	-	-	-	-
-	-	913	913	76,355	76,355	42,099	(34,256)
2,637	2,637	-	(2,637)	6,083	6,083	1,855	(4,228)
-	-	-	-	6,214	6,214	6,214	-
\$ 2,637	\$ 2,637	\$ -	\$ (2,637)	\$ 12,297	\$ 12,297	\$ 8,069	\$ (4,228)

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Probate Guardian Fund			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	70,000	70,000	55,570	(14,430)
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	70,000	70,000	55,570	(14,430)
EXPENDITURES				
Judicial	75,000	75,000	44,544	(30,456)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	75,000	75,000	44,544	(30,456)
REVENUES OVER (UNDER) EXPENDITURES	(5,000)	(5,000)	11,026	16,026
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	-	(5,000)
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	5,000	-	(5,000)
NET CHANGE IN FUND BALANCES	-	-	11,026	11,026
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	28,506	28,506	28,506	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 28,506	\$ 28,506	\$ 39,532	\$ 11,026

Intensive Community Treatment				Marriage Counseling			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90,740	90,740	91,601	861	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,300	3,300	4,170	870
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
90,740	90,740	91,601	861	3,300	3,300	4,170	870
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
127,898	127,898	135,240	7,342	-	-	1,849	1,849
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
127,898	127,898	135,240	7,342	-	-	1,849	1,849
(37,158)	(37,158)	(43,639)	(6,481)	3,300	3,300	2,321	(979)
37,159	37,159	43,639	6,480	-	-	-	-
-	-	-	-	-	-	-	-
37,159	37,159	43,639	6,480	-	-	-	-
1	1	-	(1)	3,300	3,300	2,321	(979)
-	-	-	-	44,501	44,501	44,501	-
\$ 1	\$ 1	\$ -	\$ (1)	\$ 47,801	\$ 47,801	\$ 46,822	\$ (979)

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Gypsy Moth			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	1,340	1,340
Other	98,400	98,400	-	(98,400)
TOTAL REVENUES	98,400	98,400	1,340	(97,060)
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	12,000	12,000	11,267	(733)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	12,000	12,000	11,267	(733)
REVENUES OVER (UNDER) EXPENDITURES	86,400	86,400	(9,927)	(96,327)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	86,400	86,400	(9,927)	(96,327)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	60,313	60,313	60,313	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 146,713	\$ 146,713	\$ 50,386	\$ (96,327)

Building and Safety				Building Improvement Fund			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ 298,560	\$ 298,560	\$ 310,775	\$ 12,215	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,000	9,000	14,832	5,832	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,000	10,000	35,052	25,052
100	100	683	583	-	-	-	-
307,660	307,660	326,290	18,630	10,000	10,000	35,052	25,052
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
357,467	373,676	365,022	(8,654)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,600	9,476	9,235	(241)	300,000	300,000	22,172	(277,828)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
360,067	383,152	374,257	(8,895)	300,000	300,000	22,172	(277,828)
(52,407)	(75,492)	(47,967)	27,525	(290,000)	(290,000)	12,880	302,880
-	-	-	-	290,000	290,000	-	(290,000)
-	-	-	-	-	-	-	-
-	-	-	-	290,000	290,000	-	(290,000)
(52,407)	(75,492)	(47,967)	27,525	-	-	12,880	12,880
260,367	260,367	260,367	-	1,208,289	1,208,289	1,208,289	-
\$ 207,960	\$ 184,875	\$ 212,400	\$ 27,525	\$ 1,208,289	\$ 1,208,289	\$ 1,221,169	\$ 12,880

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	OUIL Restitution			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	1,010	1,010
Contributions from local units	-	-	-	-
Charges for services	5,766	5,766	23,753	17,987
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	5,766	5,766	24,763	18,997
EXPENDITURES				
Judicial	5,766	5,766	23,219	17,453
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	5,766	5,766	23,219	17,453
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,544	1,544
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	1,544	1,544
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	6,828	6,828	6,828	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 6,828	\$ 6,828	\$ 8,372	\$ 1,544

Register of Deeds Technology				Disaster Contingency Fund			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
45,000	45,000	48,955	3,955	-	-	-	-
-	-	-	-	-	-	-	-
50	50	314	264	-	-	-	-
-	-	-	-	8,560	8,560	-	(8,560)
45,050	45,050	49,269	4,219	8,560	8,560	-	(8,560)
-	-	-	-	-	-	-	-
45,050	45,050	59,718	14,668	-	40,000	-	(40,000)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,788	3,788	-	-	-	-
-	-	521	521	-	-	-	-
45,050	45,050	64,027	18,977	-	40,000	-	(40,000)
-	-	(14,758)	(14,758)	8,560	(31,440)	-	31,440
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(14,758)	(14,758)	8,560	(31,440)	-	31,440
53,714	53,714	53,714	-	557	557	557	-
\$ 53,714	\$ 53,714	\$ 38,956	\$ (14,758)	\$ 9,117	\$ (30,883)	\$ 557	\$ 31,440

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Crime Victims Rights Fund			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	12,000	12,000	15,000	3,000
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	12,000	12,000	15,000	3,000
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	21,567	21,567	22,622	1,055
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	21,567	21,567	22,622	1,055
REVENUES OVER (UNDER) EXPENDITURES	(9,567)	(9,567)	(7,622)	1,945
OTHER FINANCING SOURCES (USES)				
Transfers in	9,568	9,568	7,779	(1,789)
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	9,568	9,568	7,779	(1,789)
NET CHANGE IN FUND BALANCES	1	1	157	156
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 1	\$ 1	\$ 157	\$ 156

Local Correctional Training Fund					Drug Enforcement Fund				
Original Budget	Amended Budget	Actual	Over (Under) Budget		Original Budget	Amended Budget	Actual	Over (Under) Budget	
\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	-	-	
3,000	3,000	13,125	10,125		-	-	-	-	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	(43)	(43)	
3,000	3,000	13,125	10,125		-	-	(43)	(43)	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	-	-	
3,000	3,000	8,966	5,966		-	-	3,466	3,466	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	-	-	
3,000	3,000	8,966	5,966		-	-	3,466	3,466	
-	-	4,159	4,159		-	-	(3,509)	(3,509)	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	-	-	
-	-	-	-		-	-	-	-	
-	-	4,159	4,159		-	-	(3,509)	(3,509)	
2,718	2,718	2,718	-		5,909	5,909	5,909	-	
\$ 2,718	\$ 2,718	\$ 6,877	\$ 4,159		\$ 5,909	\$ 5,909	\$ 2,400	\$ (3,509)	

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Law Library Fund			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	3,500	3,500	3,500	-
Interest	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	3,500	3,500	3,500	-
EXPENDITURES				
Judicial	3,500	3,500	2,118	(1,382)
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	3,500	3,500	2,118	(1,382)
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,382	1,382
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	1,382	1,382
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ 1,382	\$ 1,382

Trail Grooming				MSHDA Fund			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	220,000	220,000	195,519	(24,481)
35,200	35,200	36,046	846	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
500	54,018	12,239	(41,779)	80,000	80,000	44,417	(35,583)
35,700	89,218	48,285	(40,933)	300,000	300,000	239,936	(60,064)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	287,275	287,275	238,562	(48,713)
22,600	22,600	18,141	(4,459)	-	-	-	-
51,100	104,618	65,863	(38,755)	-	-	-	-
-	-	8,217	8,217	-	-	-	-
-	-	1,321	1,321	-	-	-	-
73,700	127,218	93,542	(33,676)	287,275	287,275	238,562	(48,713)
(38,000)	(38,000)	(45,257)	(7,257)	12,725	12,725	1,374	(11,351)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(38,000)	(38,000)	(45,257)	(7,257)	12,725	12,725	1,374	(11,351)
55,311	55,311	55,311	-	21,651	21,651	21,651	-
\$ 17,311	\$ 17,311	\$ 10,054	\$ (7,257)	\$ 34,376	\$ 34,376	\$ 23,025	\$ (11,351)

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ICHRRLP			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	4,000	4,000	4,866	866
Other	120,000	120,000	17,992	(102,008)
TOTAL REVENUES	124,000	124,000	22,858	(101,142)
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	120,000	120,000	14,144	(105,856)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	120,000	120,000	14,144	(105,856)
REVENUES OVER (UNDER) EXPENDITURES	4,000	4,000	8,714	4,714
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	4,000	4,000	8,714	4,714
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	238,142	238,142	238,142	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 242,142	\$ 242,142	\$ 246,856	\$ 4,714

JAIBG				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62,910	62,910	26,929	(35,981)	-	-	-	-
6,990	6,990	2,992	(3,998)	-	-	1,349	1,349
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
69,900	69,900	29,921	(39,979)	-	-	1,349	1,349
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
69,900	69,900	23,934	(45,966)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
69,900	69,900	23,934	(45,966)	-	-	-	-
-	-	5,987	5,987	-	-	1,349	1,349
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	5,987	5,987	-	-	1,349	1,349
1,885	1,885	1,885	-	6,652	6,652	6,652	-
\$ 1,885	\$ 1,885	\$ 7,872	\$ 5,987	\$ 6,652	\$ 6,652	\$ 8,001	\$ 1,349

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Family Independence Agency			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	30,000	30,000	-	(30,000)
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	15,000	15,000	-	(15,000)
TOTAL REVENUES	45,000	45,000	-	(45,000)
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	45,000	45,000	3,754	(41,246)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	45,000	45,000	3,754	(41,246)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(3,754)	(3,754)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	(3,754)	(3,754)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	19,864	19,864	19,864	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 19,864	\$ 19,864	\$ 16,110	\$ (3,754)

Child Care Fund				Veterans Relief Fund			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
100,000	100,000	204,761	104,761	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50,000	50,000	63,751	13,751	-	-	-	-
150,000	150,000	268,512	118,512	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
617,500	617,500	648,878	31,378	-	-	55	55
-	-	-	-	-	-	-	-
3,000	3,000	50	(2,950)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
620,500	620,500	648,928	28,428	-	-	55	55
(470,500)	(470,500)	(380,416)	90,084	-	-	(55)	(55)
470,500	470,500	458,472	(12,028)	2,000	2,000	455	(1,545)
-	-	-	-	-	-	-	-
470,500	470,500	458,472	(12,028)	2,000	2,000	455	(1,545)
-	-	78,056	78,056	2,000	2,000	400	(1,600)
(68,471)	(68,471)	(68,471)	-	-	-	-	-
\$ (68,471)	\$ (68,471)	\$ 9,585	\$ 78,056	\$ 2,000	\$ 2,000	\$ 400	\$ (1,600)

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Veterans Trust Fund			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	1,904	1,904	3,849	1,945
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	1,904	1,904	3,849	1,945
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	1,904	1,904	3,897	1,993
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	1,904	1,904	3,897	1,993
REVENUES OVER (UNDER) EXPENDITURES	-	-	(48)	(48)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	(48)	(48)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	686	686	686	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 686	\$ 686	\$ 638	\$ (48)

County Airport Fund				Plat Book Revolving Fund			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
36,000	36,000	27,703	(8,297)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,400	2,400	5,088	2,688	3,000	3,000	7,090	4,090
38,400	38,400	32,791	(5,609)	3,000	3,000	7,090	4,090
-	-	-	-	-	-	-	-
80,840	80,840	44,539	(36,301)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	-	(5,000)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
85,840	85,840	44,539	(41,301)	-	-	-	-
(47,440)	(47,440)	(11,748)	35,692	3,000	3,000	7,090	4,090
47,440	47,440	11,030	(36,410)	-	-	-	-
-	-	-	-	-	-	-	-
47,440	47,440	11,030	(36,410)	-	-	-	-
-	-	(718)	(718)	3,000	3,000	7,090	4,090
718	718	718	-	4,140	4,140	4,140	-
\$ 718	\$ 718	\$ -	\$ (718)	\$ 7,140	\$ 7,140	\$ 11,230	\$ 4,090

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Economic Revolving Loan Fund			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	300	300	305	5
Other	15,000	15,000	47,643	32,643
TOTAL REVENUES	15,300	15,300	47,948	32,648
EXPENDITURES				
Judicial	-	-	-	-
General government	15,300	15,300	73	(15,227)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
TOTAL EXPENDITURES	15,300	15,300	73	(15,227)
REVENUES OVER (UNDER) EXPENDITURES	-	-	47,875	47,875
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	47,875	47,875
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	83,244	83,244	83,244	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 83,244	\$ 83,244	\$ 131,119	\$ 47,875

[illegible]

**IOSCO COUNTY, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Total			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ 298,560	\$ 298,560	\$ 310,775	\$ 12,215
Intergovernmental:				
Federal grants	756,635	756,635	763,808	7,173
State grants	333,753	333,753	389,310	55,557
Contributions from local units	73,173	73,173	90,302	17,129
Charges for services	780,850	780,850	768,292	(12,558)
Fines and forfeits	3,500	3,500	3,500	-
Interest	17,350	17,350	54,457	37,107
Other	429,910	483,428	235,137	(248,291)
TOTAL REVENUES	2,693,731	2,747,249	2,615,581	(131,668)
EXPENDITURES				
Judicial	689,018	689,018	683,168	(5,850)
General government	172,690	212,690	129,370	(83,320)
Public safety	1,102,504	1,133,605	1,066,567	(67,038)
Health and welfare	1,281,477	1,281,477	1,084,967	(196,510)
Culture and recreation	22,600	22,600	18,141	(4,459)
Capital outlay	367,300	427,694	98,242	(329,452)
Debt service principal	-	-	23,957	23,957
Debt service interest expense	-	-	7,395	7,395
TOTAL EXPENDITURES	3,635,589	3,767,084	3,111,807	(655,277)
REVENUES OVER (UNDER) EXPENDITURES	(941,858)	(1,019,835)	(496,226)	523,609
OTHER FINANCING SOURCES (USES)				
Transfers in	997,764	997,764	617,669	(380,095)
Transfer (out)	(8,725)	(8,725)	(8,725)	-
TOTAL OTHER FINANCING SOURCES (USES)	989,039	989,039	608,944	(380,095)
NET CHANGE IN FUND BALANCES	47,181	(30,796)	112,718	143,514
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	2,695,059	2,695,059	2,695,059	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 2,742,240	\$ 2,664,263	\$ 2,807,777	\$ 143,514

**IOSCO COUNTY, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

	ALABASTER WATER	AUSABLE D.P.W. #2	EAST TAWAS/ TAWAS CITY D.P.W. #3	AUSABLE D.P.W. #2 SERIES II
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 551	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-
Due from other funds	175	-	-	-
Loans receivable	428,979	204,167	460,225	26,000
TOTAL ASSETS	429,705	204,167	460,225	26,000
<u>LIABILITIES</u>				
Current liabilities				
Interest payable	3,979	4,167	11,225	-
Due to other funds	-	-	-	-
Current portion of bond payable	25,000	20,000	35,000	2,000
TOTAL CURRENT LIABILITIES	28,979	24,167	46,225	2,000
Long-term Liabilities				
Bonds payable	400,000	180,000	414,000	24,000
TOTAL LIABILITIES	428,979	204,167	460,225	26,000
<u>NET ASSETS</u>				
Unrestricted	\$ 726	\$ -	\$ -	\$ -

EAST TAWAS D.P.W. #2	OSCODA D.P.W. #2	PLAINFIELD D.P.W.	TAWAS WATER SUPPLY SYSTEM #6 DEBT	BALDWIN WATER 2002	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	551
-	175	-	-	-	175
-	-	-	-	-	175
146,045	327,578	331,650	277,621	322,340	2,524,605
146,045	327,753	331,650	277,621	322,340	2,525,506
1,045	7,578	1,650	2,621	2,340	34,605
-	175	-	-	-	175
75,000	150,000	45,000	25,000	15,000	392,000
76,045	157,753	46,650	27,621	17,340	426,780
70,000	170,000	285,000	250,000	305,000	2,098,000
146,045	327,753	331,650	277,621	322,340	2,524,780
\$ -	\$ -	\$ -	\$ -	\$ -	726

**IOSCO COUNTY, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ALABASTER WATER SERVICE	AUSABLE D.P.W. #2 DEBT SERVICE	EAST TAWAS/ TAWAS CITY D.P.W. #3 DEBT SERVICE	AUSABLE D.P.W. #2 SERIES II DEBT SERVICE	EAST TAWAS D.P.W. #2 DEBT SERVICE
NON-OPERATING REVENUES (EXPENSES)					
Contributions from local units	\$ 24,847	\$ 10,083	\$ 22,450	\$ 1,300	\$ 8,758
Other revenue	-	-	-	-	-
Local unit cost of capital improvements	(16,803)	-	-	-	-
Bond interest	(24,300)	(10,083)	(22,450)	(1,300)	(8,408)
Paying agent fees	(275)	-	-	-	(350)
 TOTAL NON-OPERATING REVENUE (EXPENSE)	 (16,531)	 -	 -	 -	 -
 FUND BALANCES, BEGINNING OF YEAR	 17,257	 -	 -	 -	 -
 FUND BALANCES, END OF YEAR	 \$ 726	 \$ -	 \$ -	 \$ -	 \$ -

OSCODA D.P.W. #2 DEBT SERVICE	PLAINFIELD D.P.W. DEBT SERVICE	TAWAS WATER SUPPLY SYSTEM #6 DEBT SERVICE	BALDWIN WATER 2002	TOTAL
\$ 16,615	\$ 6,825	\$ 17,396	\$ 14,450	122,724
-	-	-	204	204
-	-	-	(9,887)	(26,690)
(16,015)	(6,825)	(16,871)	(14,225)	(120,477)
(600)	-	(525)	(225)	(1,975)
-	-	-	(9,683)	(26,214)
-	-	-	9,683	26,940
\$ -	\$ -	\$ -	\$ -	\$ 726

**IOSCO COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ALABASTER WATER SERVICE	AUSABLE D.P.W. #2 DEBT SERVICE	EAST TAWAS/ TAWAS CITY D.P.W. #3 DEBT SERVICE	AUSABLE D.P.W. #2 SERIES II DEBT SERVICE
Cash flows from operating activities				
Cash received from other operating activities	\$ -	\$ -	\$ -	\$ -
Cash payments for other operating activities	(175)	-	-	-
Net cash provided (used) by operating activities	(175)	-	-	-
Cash flows from capital and related financing activities				
Contributions from local units	49,847	30,500	57,300	3,300
Cash payments for capital improvements	(16,803)	-	-	-
Principal paid on bonds	(25,000)	(20,000)	(34,000)	(2,000)
Interest and paying agent fees on bonds	(24,575)	(10,500)	(23,300)	(1,300)
Net cash provided (used) by capital and related financing activities	(16,531)	-	-	-
Cash flows from investing activities				
Interest on investments	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(16,706)	-	-	-
Cash and cash equivalents, beginning of year	17,257	-	-	-
Cash and cash equivalents, end of year	<u>\$ 551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities which increase (decrease) cash:				
Due to other funds	(175)	-	-	-
Receivables	212	417	850	-
Interest payable	(212)	(417)	(850)	-
Net cash provided (used) by operating activities	<u>\$ (175)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST TAWAS D.P.W. #2 DEBT SERVICE	OSCODA D.P.W. #2 DEBT SERVICE	PLAINFIELD D.P.W. DEBT SERVICE	TAWAS WATER SUPPLY SYSTEM #6 DEBT SERVICE	BALDWIN WATER 2002	Total
\$ -	\$ 175	\$ -	\$ -	\$ -	\$ 175
-	-	-	-	-	(175)
-	175	-	-	-	-
84,770	172,525	52,050	42,625	29,544	522,461
-	-	-	-	(9,887)	(26,690)
(75,000)	(155,000)	(45,000)	(25,000)	(15,000)	(396,000)
(9,770)	(17,700)	(7,050)	(17,625)	(14,544)	(126,364)
-	(175)	-	-	(9,887)	(26,593)
-	-	-	-	204	204
-	-	-	-	(9,683)	(26,389)
-	-	-	-	9,683	26,940
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	175	-	-	-	-
1,012	1,085	225	229	94	4,124
(1,012)	(1,085)	(225)	(229)	(94)	(4,124)
\$ -	\$ 175	\$ -	\$ -	\$ -	-

**IOSCO COUNTY, MICHIGAN
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005**

	AGENCY FUNDS						
<u>ASSETS</u>	TRUST AND AGENCY	JUDGEMENT APPEALS	MENTAL HEALTH	PENAL FINES	REGIONAL LIBRARY	TOTAL	
Cash and cash equivalents	\$ 632,293	\$ 20,036	\$ 957,831	\$ 93,472	\$ 604,319	\$	2,307,951
Investments	25,000	-	-	-	-		25,000
Accounts receivable	-	-	-	-	91,722		91,722
<u>TOTAL ASSETS</u>	<u>\$ 657,293</u>	<u>\$ 20,036</u>	<u>\$ 957,831</u>	<u>\$ 93,472</u>	<u>\$ 696,041</u>	<u>\$</u>	<u>2,424,673</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 7,605	\$ -	\$ -	\$ -	\$ -	\$	7,605
Unallocated property taxes	351,255	-	-	-	-		351,255
Undistributed receipts	208,622	20,036	-	-	-		228,658
Undistributed penal fines	-	-	-	93,472	-		93,472
Due to other governmental units	89,811	-	957,831	-	696,041		1,743,683
<u>TOTAL LIABILITIES</u>	<u>\$ 657,293</u>	<u>\$ 20,036</u>	<u>\$ 957,831</u>	<u>\$ 93,472</u>	<u>\$ 696,041</u>	<u>\$</u>	<u>2,424,673</u>

IOSCO COUNTY, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR/PASSTHROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARDS EXPENDED
U.S. DEPARTMENT OF COMMERCE		
Economic Development Administration - Economic Adjustment Grant for Military Base Closures	11.300	\$ 423,445
U.S. DEPARTMENT OF HOMELAND SECURITY		
Emergency Services	83.516	7,573
State Domestic Preparedness Equipment Support Program	97.004	145,920
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		153,493
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
PASS-THROUGH MICHIGAN DEPARTMENT OF SOCIAL SERVICES		
Child Support Enforcement	93.563	371,404
Child Support Enforcement (Prosecuting Attorney)	93.563	48,768
Child Support Enforcement - Incentive (Title IV-D)	93.560	78,355
Wraparound Coordinator	93.556	91,601
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		590,128
U.S. DEPARTMENT OF INTERIOR		
Payment in Lieu of Taxes	15.226	78,268
U.S. DEPARTMENT OF JUSTICE		
Juvenile Assistance Block Grant	16.523	26,929
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
PASS-THROUGH MICHIGAN DEPARTMENT OF COMMERCE		
CDBG State Housing Program	14.228	195,519
TOTAL FEDERAL FINANCIAL ASSISTANCE - PRIMARY GOVERNMENT		1,467,782
Revolving Loan Program Income expended, excluded from federal revenue on the Statement of Revenues, Expenditures and Changes in Fund Balances		(423,445)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 1,044,337

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iosco County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

February 15, 2006

Board of Commissioners
County of Iosco
Tawas City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Iosco County, Michigan*** as of and for the year ended December 31, 2005 and have issued our report thereon dated February 15, 2006. We did not audit the financial statements of the Medical Care Facility, which is a major enterprise fund, and therefore a separate opinion unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ***Iosco County, Michigan's*** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *Iosco County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, others within the organization, and Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, prominent 'L' at the beginning.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

February 15, 2006

Board of Commissioners
County of Iosco
Tawas City, Michigan

Compliance

We have audited the compliance of ***Iosco County, Michigan*** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. ***Iosco County, Michigan's*** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of ***Iosco County, Michigan's*** management. Our responsibility is to express an opinion on ***Iosco County, Michigan's*** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ***Iosco County, Michigan's*** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on ***Iosco County, Michigan's*** compliance with those requirements.

In our opinion, ***Iosco County, Michigan*** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of *Iosco County, Michigan* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *Iosco County, Michigan's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We did not audit the financial statements of the Medical Care Facility, which is a major enterprise fund, and therefore a separate opinion unit. Those statements were audited by an other auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility is based on the report of the other auditor.

This report is intended solely for the information and use of the audit committee, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, stylized 'L' at the beginning.

IOSCO COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified on Primary Government*

Internal controls over financial reporting:
Material weakness(es) identified? _____ yes X no
Reportable condition(s) identified not
considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial
statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes X no
Reportable condition(s) identified not
considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance
for major programs: *Unqualified*

Any audit findings disclosed that are required to
be reported in accordance with Circular A-133,
Section 510(a)? _____ yes X no

CFDA Number(s)

Name of Federal Program or Cluster

11.300	Economic Development Administration – Economic Adjustment Grant for Military Base Closures
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IOSCO COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

PRIOR YEAR FINDINGS

No prior year findings.